

**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

**NEWS RELEASE**

FOR RELEASE

February 5, 2018

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Clarke Community School District in Osceola, Iowa.

The District's revenues totaled \$19,646,854 for the year ended June 30, 2017, a 6.8% increase over the prior year. The revenues included \$5,165,231 of local tax, \$1,374,742 of statewide sales, services and use tax, \$282,911 of income surtax, charges for service of \$1,107,814, operating grants, contributions and restricted interest of \$3,573,821, unrestricted investment earnings of \$75,845, unrestricted state grants of \$7,972,696, gain on disposal of assets of \$21,578 and other general revenues of \$72,216.

Expenses for District operations for the year ended June 30, 2017 totaled \$18,134,598, a 5.2% increase over the prior year, and included \$6,783,347 for regular instruction, \$2,560,583 for special instruction and \$2,027,943 for operation and maintenance of plant services.

A copy of the audit report is available for review in the District Secretary's office, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1730-1211-B00F>.

# # #



**CLARKE COMMUNITY SCHOOL DISTRICT**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2017**

## Table of Contents

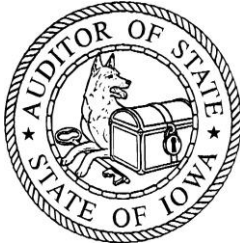
	<u>Page</u>
Officials	4
Independent Auditor's Report	5-7
Management's Discussion and Analysis	9-17
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 20-21
Statement of Activities	B 22-23
Governmental Fund Financial Statements:	
Balance Sheet	C 24
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D 25
Statement of Revenues, Expenditures and Changes in Fund Balances	E 26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F 27
Proprietary Fund Financial Statements:	
Statement of Net Position	G 28
Statement of Revenues, Expenses and Changes in Fund Net Position	H 29
Statement of Cash Flows	I 30-31
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	J 32
Statement of Changes in Fiduciary Net Position	K 33
Notes to Financial Statements	34-52
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Fund	54-55
Notes to Required Supplementary Information – Budgetary Reporting	56
Schedule of the District's Proportionate Share of the IPERS Net Pension Liability	57
Schedule of District IPERS Contributions	58-59
Notes to Required Supplementary Information – IPERS Net Pension Liability	60
Schedule of Changes in the District's Total Supplemental Pension Liability and Related Ratios	61
Schedule of Funding Progress for the Retiree Health Plan	62
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 64
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 65
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3 66-67
Capital Projects Accounts:	
Combining Balance Sheet	4 68
Combining Schedule of Revenues, Expenditures and Changes in Balances	5 69
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund	6 71

		<u>Page</u>
Schedule of Revenues by Source and Expenditures by Function –		
All Governmental Funds	7	72-73
Schedule of Expenditures of Federal Awards	8	75
Independent Auditor’s Report on Internal Control over		
Financial Reporting and on Compliance and Other Matters		
Based on an Audit of Financial Statements Performed in		
Accordance with <u>Government Auditing Standards</u>		77-78
Independent Auditor’s Report on Compliance for Each Major		
Federal Program and on Internal Control over Compliance		
Required by the Uniform Guidance		79-80
Schedule of Findings and Questioned Costs		81-85
Staff		86

## Clarke Community School District

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
Dena White	President	2017
Bert Houge	Vice President	2019
Brian Crawford (Appointed)	Board Member	2017
Joseph Deutsch	Board Member	2017
Gerard Linskens	Board Member	2017
James Bair	Board Member	2019
Lori Helgevold	Board Member	2019
<b>School Officials</b>		
Steve Seid	Superintendent	Indefinite
Ruth White	District Secretary/Treasurer and Business Manager	Indefinite
Danielle Hainfield, Ahlers & Cooney Law, P.C.	Attorney	Indefinite



## OFFICE OF AUDITOR OF STATE STATE OF IOWA

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

### Independent Auditor's Report

To the Board of Education of Clarke Community School District:

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarke Community School District, Osceola, Iowa, as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarke Community School District as of June 30, 2017, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Emphasis of a Matter

As discussed in Note 11, Clarke Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 73, Accounting and Financial Reporting for Pension and Related Assets that Are Not within the Scope of GASB Statement 68. Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the IPERS Net Pension Liability, the Schedule of District IPERS Contributions, the Schedule of Changes in the District's Total Supplemental Pension Liability and Related Ratios and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 17 and 54 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarke Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.



The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2018 on our consideration of Clarke Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Clarke Community School District's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

January 29, 2018

**Clarke Community School District**

---

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

Clarke Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2017 FINANCIAL HIGHLIGHTS

- The District implemented Governmental Accounting Standards Board (GASB) Statement No. 73, Accounting and Financial Reporting for Pension and Related Assets that Are Not within the Scope of GASB Statement 68, during fiscal year 2017. The beginning net position for governmental activities was restated by \$548,249 to retroactively report the increase in the Supplemental Pension liability as of July 1, 2016. Pension expense for fiscal year 2016 and deferred outflows of resources at June 30, 2016 were not restated because the information needed to restate those amounts was not available.
- General Fund revenues increased from \$14,468,281 in fiscal year 2016 to \$15,288,570 in fiscal year 2017 while General Fund expenditures increased from \$14,530,548 in fiscal year 2016 to \$16,054,526 in fiscal year 2017. The District's General Fund balance decreased from \$3,706,221 at the end of fiscal year 2016 to \$2,940,265 at the end of fiscal year 2017, a 20.67% decrease.
- The increase in General Fund revenues was primarily attributable to an increase in state and federal sources of revenue. The increase in expenditures was due primarily to increases in spending for regular instruction and operation and maintenance of plant services.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Clarke Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Clarke Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Clarke Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the IPERS net pension liability and related contributions, the changes in the District's total supplemental pension liability and related ratios as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

## **REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- Business type activities: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund. Internal Service Funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and services for other District programs and activities. The District currently has one Internal Service Fund, the Flex Spending Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds – These are funds through which the District administers and accounts for certain federal and/or state grants as a fiscal agent.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The analysis which follows provides a summary of the District's net position at June 30, 2017 compared to June 30, 2016, before restatement. The analysis that follows focuses on the net position before restatement.

<b>Condensed Statement of Net Position</b>							
<b>(Expressed in Thousands)</b>							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2016		2016		2016		
	(Not		(Not		(Not		
	2017 restated)		2017 restated)		2017 restated)		2016-2017
Current and other assets	\$ 12,938	13,439	442	344	13,380	13,783	(403)
Capital assets	14,602	13,384	62	64	14,664	13,448	1,216
Total assets	27,540	26,823	504	408	28,044	27,231	813
Deferred outflows of resources	2,246	1,033	41	24	2,287	1,057	1,230
Long-term liabilities	9,273	7,596	189	154	9,462	7,750	1,712
Other liabilities	1,772	1,788	57	62	1,829	1,850	(21)
Total liabilities	11,045	9,384	246	216	11,291	9,600	1,691
Deferred inflows of resources	4,521	5,134	12	12	4,533	5,146	(613)
Net position:							
Net investment in capital assets	14,602	12,474	62	64	14,664	12,538	2,126
Restricted	3,077	3,045	-	-	3,077	3,045	32
Unrestricted	(3,459)	(2,181)	225	140	(3,234)	(2,041)	(1,193)
Total net position	\$ 14,220	13,338	287	204	14,507	13,542	965

Prior to restatement, the District's total net position increased 7.1%, or approximately \$965,000, over the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased 17%, or approximately \$2,126,000, over the prior year, primarily due the District retiring bonds for the school building, completing the high school renovation project, improvements to the baseball and softball complexes, purchase of a high school security system and the purchase of three buses.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$32,000, or 1.1%, over the prior year.

Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased approximately \$1,193,000, or 58.5%. The decrease was primarily due to implementation of GASB Statement No. 73.

The analysis which follows shows the change in net position for the year ended June 30, 2017 compared to the year ended June 30, 2016, before restatement.

	Change in Net Position (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2016 (Not		2016 (Not		2016 (Not			
	2017 restated)		2017 restated)		2017 restated)		2016-2017	
Revenues:								
Program revenues:								
Charges for service	\$	855	710	253	247	1,108	957	151
Operating grants, contributions and restricted interest		3,022	2,593	552	522	3,574	3,115	459
Capital grants, contributions and restricted interest		-	15	-	-	-	15	(15)
General revenues:								
Property tax		5,165	4,795	-	-	5,165	4,795	370
Statewide sales, services and use tax		1,375	1,360	-	-	1,375	1,360	15
Income surtax		283	276	-	-	283	276	7
Unrestricted state grants		7,973	7,798	-	-	7,973	7,798	175
Unrestricted investment earnings		72	41	4	2	76	43	33
Other		93	40	-	-	93	40	53
Total revenues		18,838	17,628	809	771	19,647	18,399	1,248
Program expenses:								
Governmental activities:								
Instruction		11,203	10,794	-	-	11,203	10,794	409
Support services		5,140	4,697	-	-	5,140	4,697	443
Non-instructional programs		9	12	726	693	735	705	30
Other expenses		1,056	1,043	-	-	1,056	1,043	13
Total expenses		17,408	16,546	726	693	18,134	17,239	895
Change in net position		1,430	1,082	83	78	1,513	1,160	353
Net position beginning of year, as restated		12,790	12,256	204	126	12,994	12,382	612
Net position end of year	\$	14,220	13,338	287	204	14,507	13,542	965

In fiscal year 2017, property tax and unrestricted state grants accounted for 69.7% of governmental activities revenues while charges for service and operating grants, contributions and restricted interest accounted for 99.5% of business type activities revenue. The District's total revenues were approximately \$19.6 million, of which approximately \$18.8 million was for governmental activities and approximately \$.80 million was for business type activities.

As shown in the analysis, the District as a whole experienced a 6.8% increase in revenues and a 5.2% increase in expenses. The increase in expenses was primarily due to increase in instruction expenses and an increase in operation and maintenance of plant services.

## Governmental Activities

Revenues for governmental activities were \$18,837,930 and expenses were \$17,408,370 for the year ended June 30, 2017.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2017 compared to the year ended June 30, 2016, before restatement.

	<b>Total and Net Cost of Governmental Activities</b> <b>(Expressed in Thousands)</b>			
	Total Cost of Services		Net Cost of Services	
	June 30		June 30	
	2017	2016	2017	2016
Instruction	\$ 11,203	10,794	7,998	8,163
Support services	5,140	4,697	5,084	4,635
Non-instructional programs	9	12	9	12
Other expenses	1,056	1,043	441	418
Total	\$ 17,408	16,546	13,532	13,228

- The cost financed by users of the District's programs was \$854,973.
- Federal and state governments subsidized certain operating programs with grants and contributions totaling \$3,021,919.
- The net cost of governmental activities was financed with \$6,822,884 of property and other tax and \$7,972,696 of unrestricted state grants.

## Business Type Activities

Revenues for business type activities during the year ended June 30, 2017 were \$808,924, a 4.8% increase over the prior year, and expenses totaled \$726,228, a 4.8% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

## INDIVIDUAL FUND ANALYSIS

As previously noted, Clarke Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$6,452,841, a 4.4% decrease from last year's ending fund balance of \$6,749,967.

## Governmental Fund Highlights

- The General Fund balance decreased from \$3,706,221 at June 30, 2016 to \$2,940,265 at June 30, 2017, due primarily to an increase in instruction, administration and operation and maintenance of plant services expenses.



- The Special Revenue, Management Levy Fund balance increased from \$542,865 at June 30, 2016 to \$719,489 at June 30, 2017, due primarily to a decrease in employees electing early retirement incentive pay outs in the fiscal year ending June 30, 2017.
- The Capital Projects Fund balance increased from \$2,370,122 at June 30, 2016 to \$2,711,454 at June 30, 2017. Revenues increased 3.8% over the prior year, while expenditures decreased 12.2% from the prior year due to the District completing a large high school renovation project in the year ended June 30, 2017.

### **Proprietary Fund Highlights**

School Nutrition Fund net position increased from \$204,409 at June 30, 2016 to \$287,105 at June 30, 2017, representing an increase of 40.5%. Revenues increased 4.8% due to increased federal reimbursements and charges for service for the student meal program while expenses also increased 4.8%.

### **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. This is referred to as the certified budget. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's certified budget is prepared on a GAAP basis. No budget amendments were certified during fiscal year 2017.

The District's total revenues were \$398,142 less than budgeted revenues, a variance of 2.0%. The variance primarily resulted from the District receiving less revenue from state sources than originally anticipated.

Total expenditures were \$4,060,769 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

The District's certified budget was not exceeded in any function.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2017, the District had invested approximately \$14.66 million, net of accumulated depreciation, in a broad range of capital assets, including a recently constructed administration and alternative classroom building, recently remodeled school buildings not significantly depreciated, athletic facilities, computer and audio-visual equipment and vehicles. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Total depreciation expense for the year was \$751,974.

The original cost of the District's capital assets was approximately \$24.4 million. Governmental funds account for approximately \$24 million of the District's capital assets, with the remaining \$.4 million accounted for in the Enterprise, School Nutrition Fund.

<b>Capital Assets, net of Depreciation (expressed in thousands)</b>								
	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change June 30,	
	2017	2016	2017	2016	2017	2016		
Land	\$ 78	78	-	-	78	78	-	0.0%
Construction in progress	57	939	-	-	57	939	(882)	-93.9%
Buildings	12,282	10,778	-	-	12,282	10,778	1,504	14.0%
Improvements other than buildings	845	666	-	-	845	666	179	26.9%
Furniture and equipment	1,340	923	62	64	1,402	987	415	42.0%
Total	\$ 14,602	13,384	62	64	14,664	13,448	1,216	9.0%

### Long-Term Debt

At June 30, 2017, the District had no general obligation bonds outstanding compared to \$910,000 in the prior year. Also, during the year, the District entered into a lease purchase agreement for approximately \$497,000 and paid approximately \$140,000 of principal on the agreement. Additional information about the District's long-term liabilities is presented in Note 5 to the financial statements.

<b>Outstanding Long-Term Liabilities (expressed in thousands)</b>			
	<b>Total District June 30,</b>		<b>Total Change June 30,</b>
	2017	2016	2016-2017
General obligation bonds	\$ -	910	-100.0%
Lease purchase agreements	357	119	200.0%
Total	\$ 357	1,029	-65.3%

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of these existing circumstances that could significantly affect its financial health in the future:

- Local option sales and services tax revenues have a significant impact on building improvements.
- District enrollment decreased slightly in fiscal year 2016-17. Under Iowa's school funding formula, District funding is highly dependent upon District enrollment. Projections indicate the District will continue to remain steady in 2017-18.
- Grants are sought to help with educational improvements in the district.
- The one to one iPad and Chromebook initiatives continue in the District for students.
- Several building and grounds improvements are being done to keep facilities in good condition.
- Several new homes are being constructed in Osceola.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Steve Seid, Superintendent, or Ruth White, Business Manager, Clarke Community School District, 802 N. Jackson Street, Osceola, Iowa 50213.

**Clarke Community School District**

## **Basic Financial Statements**

**Exhibit A**

## Clarke Community School District

## Statement of Net Position

June 30, 2017

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 7,685,208	431,293	8,116,501
Receivables:			
Property tax:			
Delinquent	74,001	-	74,001
Succeeding year	4,426,000	-	4,426,000
Accounts	21,363	-	21,363
Due from other governments	638,706	692	639,398
Inventories	-	7,860	7,860
Prepaid insurance	93,662	2,560	96,222
Capital assets, net of accumulated depreciation	14,601,803	62,136	14,663,939
<b>Total assets</b>	<b>27,540,743</b>	<b>504,541</b>	<b>28,045,284</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	2,245,792	41,371	2,287,163
<b>Liabilities</b>			
Accounts payable	46,940	232	47,172
Salaries and benefits payable	1,657,708	46,162	1,703,870
Due to other governments	67,087	-	67,087
Unearned student meals	-	10,937	10,937
Long-term liabilities:			
Portion due within one year:			
Lease purchase agreement	165,684	-	165,684
Compensated absences	34,320	-	34,320
Portion due after one year:			
Lease purchase agreement	190,997	-	190,997
Net OPEB liability	322,818	12,182	335,000
Pension liability	8,560,024	177,215	8,737,239
<b>Total liabilities</b>	<b>11,045,578</b>	<b>246,728</b>	<b>11,292,306</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	4,426,000	-	4,426,000
Pension related deferred inflows	95,252	12,079	107,331
<b>Total deferred inflows of resources</b>	<b>4,521,252</b>	<b>12,079</b>	<b>4,533,331</b>

## Clarke Community School District

## Statement of Net Position

June 30, 2017

	Governmental Activities	Business Type Activities	Total
<b>Net position</b>			
Net investment in capital assets	14,601,803	62,136	14,663,939
Restricted for:			
Categorical funding	376,294	-	376,294
Debt service	13,607	-	13,607
Physical plant and equipment levy	735,140	-	735,140
School infrastructure	1,883,670	-	1,883,670
Student activities	68,026	-	68,026
Unrestricted	(3,458,835)	224,969	(3,233,866)
<b>Total net position</b>	<b>\$ 14,219,705</b>	<b>287,105</b>	<b>14,506,810</b>

See notes to financial statements.

Clarke Community School District

Statement of Activities

Year ended June 30, 2017

	Expenses	Program Revenues	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>			
Governmental activities:			
Instruction:			
Regular instruction	\$ 6,783,347	276,520	1,424,296
Special instruction	2,560,583	296,115	229,881
Other instruction	1,859,361	275,982	702,759
	<u>11,203,291</u>	<u>848,617</u>	<u>2,356,936</u>
Support services:			
Student	353,568	-	49,758
Instructional staff	1,034,982	313	-
Administration	850,583	3,057	-
Operation and maintenance of plant	2,027,943	1,219	-
Transportation	872,927	1,767	-
	<u>5,140,003</u>	<u>6,356</u>	<u>49,758</u>
Non-instructional programs	<u>9,114</u>	<u>-</u>	<u>-</u>
Other expenditures:			
Long-term debt interest	30,944	-	2,991
AEA flowthrough	612,234	-	612,234
Depreciation (unallocated)*	412,784	-	-
	<u>1,055,962</u>	<u>-</u>	<u>615,225</u>
Total governmental activities	<u>17,408,370</u>	<u>854,973</u>	<u>3,021,919</u>
Business type activities:			
Non-instructional programs:			
Food service operations	<u>726,228</u>	<u>252,841</u>	<u>551,902</u>
Total	<u>\$ 18,134,598</u>	<u>1,107,814</u>	<u>3,573,821</u>
<b>General Revenues:</b>			
Property tax levied for:			
General purposes			
Debt service			
Capital outlay			
Statewide sales, services and use tax			
Income surtax			
Unrestricted state grants			
Unrestricted investment earnings			
Gain from disposition of capital assets			
Other			
Total general revenues			
Change in net position			
Net position beginning of year, as restated			
Net position end of year			

\* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.



Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
(5,082,531)	-	(5,082,531)
(2,034,587)	-	(2,034,587)
(880,620)	-	(880,620)
(7,997,738)	-	(7,997,738)
(303,810)	-	(303,810)
(1,034,669)	-	(1,034,669)
(847,526)	-	(847,526)
(2,026,724)	-	(2,026,724)
(871,160)	-	(871,160)
(5,083,889)	-	(5,083,889)
(9,114)	-	(9,114)
(27,953)	-	(27,953)
-	-	-
(412,784)	-	(412,784)
(440,737)	-	(440,737)
(13,531,478)	-	(13,531,478)
-	78,515	78,515
(13,531,478)	78,515	(13,452,963)
\$ 3,960,854	-	3,960,854
907,239	-	907,239
297,138	-	297,138
1,374,742	-	1,374,742
282,911	-	282,911
7,972,696	-	7,972,696
71,664	4,181	75,845
21,578	-	21,578
72,216	-	72,216
14,961,038	4,181	14,965,219
1,429,560	82,696	1,512,256
12,790,145	204,409	12,994,554
\$ 14,219,705	287,105	14,506,810

## Clarke Community School District

Balance Sheet  
Governmental Funds

June 30, 2017

	Special Revenue		Capital Projects	Nonmajor	Total
	General	Management Levy			
<b>Assets</b>					
Cash, cash equivalents and pooled investments	\$ 4,264,674	713,185	2,606,268	76,754	7,660,881
Receivables:					
Property tax:					
Delinquent	51,303	4,634	4,457	13,607	74,001
Succeeding year	3,392,000	765,000	269,000	-	4,426,000
Accounts	21,025	-	-	338	21,363
Due from other governments	260,315	-	378,391	-	638,706
Prepaid insurance	91,023	2,639	-	-	93,662
<b>Total assets</b>	<b>\$ 8,080,340</b>	<b>1,485,458</b>	<b>3,258,116</b>	<b>90,699</b>	<b>12,914,613</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 24,615	969	13,625	7,731	46,940
Salaries and benefits payable	1,656,373	-	-	1,335	1,657,708
Due to other governments	67,087	-	-	-	67,087
Total liabilities	1,748,075	969	13,625	9,066	1,771,735
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	3,392,000	765,000	269,000	-	4,426,000
Other	-	-	264,037	-	264,037
Total deferred inflows of resources	3,392,000	765,000	533,037	-	4,690,037
Fund balances:					
Nonspendable:					
Prepaid insurance	91,023	2,639	-	-	93,662
Restricted for:					
Categorical funding	376,294	-	-	-	376,294
Management levy purposes	-	716,850	-	-	716,850
Student activities	-	-	-	68,026	68,026
Debt service	-	-	-	13,607	13,607
School infrastructure	-	-	1,883,670	-	1,883,670
Physical plant and equipment	-	-	827,784	-	827,784
Unassigned	2,472,948	-	-	-	2,472,948
Total fund balances	2,940,265	719,489	2,711,454	81,633	6,452,841
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,080,340</b>	<b>1,485,458</b>	<b>3,258,116</b>	<b>90,699</b>	<b>12,914,613</b>

See notes to financial statements.

Clarke Community School District

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position

June 30, 2017

**Total fund balances of governmental funds (page 24)** \$ 6,452,841

***Amounts reported for governmental activities in the Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 14,601,803

The Internal Service Fund is used by management to charge the costs of the District's flexible benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 24,327

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 264,037

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 2,245,792	
Deferred inflows of resources	<u>(95,252)</u>	2,150,540

Long-term liabilities, including lease purchase payable, compensated absences payable, net OPEB liability and pension liability are not due and payable in the current year and, therefore, are not reported in the governmental funds.

(9,273,843)

**Net position of governmental activities (page 21)**

\$ 14,219,705

See notes to financial statements.

**Exhibit E**

## Clarke Community School District

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2017

	Special Revenue		Capital Projects	Nonmajor	Total
	General	Management Levy			
Revenues:					
Local sources:					
Local tax	\$ 3,630,894	329,961	572,316	907,239	5,440,410
Tuition	390,580	-	-	-	390,580
Other	219,134	26,408	49,264	291,161	585,967
State sources	10,382,679	11,063	1,384,254	29,042	11,807,038
Federal sources	665,283	-	-	-	665,283
Total revenues	15,288,570	367,432	2,005,834	1,227,442	18,889,278
Expenditures:					
Current:					
Instruction:					
Regular instruction	6,787,886	24,995	1,613	-	6,814,494
Special instruction	2,505,434	5,736	-	-	2,511,170
Other instruction	1,845,425	1,511	-	320,823	2,167,759
	11,138,745	32,242	1,613	320,823	11,493,423
Support services:					
Student	349,920	917	-	-	350,837
Instructional staff	535,316	453	497,052	-	1,032,821
Administration	1,373,151	22,837	22,381	-	1,418,369
Operation and maintenance of plant	1,327,636	78,045	570,504	-	1,976,185
Transportation	717,524	47,200	184,151	427	949,302
	4,303,547	149,452	1,274,088	427	5,727,514
Non-instructional programs	-	9,114	-	-	9,114
Other expenditures:					
Facilities acquisition	-	-	631,471	-	631,471
Long-term debt:					
Principal	-	-	-	1,169,643	1,169,643
Interest and other charges	-	-	-	40,057	40,057
AEA flowthrough	612,234	-	-	-	612,234
	612,234	-	631,471	1,209,700	2,453,405
Total expenditures	16,054,526	190,808	1,907,172	1,530,950	19,683,456
Excess (deficiency) of revenues over (under) expenditures	(765,956)	176,624	98,662	(303,508)	(794,178)
Other financing sources (uses):					
Proceeds from lease purchase agreement	-	-	497,052	-	497,052
Transfers in	-	-	-	254,382	254,382
Transfers out	-	-	(254,382)	-	(254,382)
Total other financing sources (uses)	-	-	242,670	254,382	497,052
Change in fund balances	(765,956)	176,624	341,332	(49,126)	(297,126)
Fund balances beginning of year	3,706,221	542,865	2,370,122	130,759	6,749,967
Fund balances end of year	\$ 2,940,265	719,489	2,711,454	81,633	6,452,841

See notes to financial statements.

## Clarke Community School District

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities

Year ended June 30, 2017

**Change in fund balances - total governmental funds (page 26)** \$ (297,126)

***Amounts reported for governmental activities in the Statement of Activities  
are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. These costs are not reported in the Statement of Activities, but they are allocated over the estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 2,014,853	
Depreciation expense	<u>(737,550)</u>	1,277,303

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (59,333)

Certain revenues not collected for several months after year end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds. 7,733

Proceeds from issuing long-term liabilities provide current financial resources in governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances as follows:

Issued	(497,052)	
Redeemed	<u>1,169,643</u>	672,591

The current year District share of IPERS contributions is reported as expenditures in the governmental funds, but is reported as a deferred outflow of resources in the Statement of Net Position. 836,576

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	6,326	
Net OPEB liability	(35,159)	
Pension expense	(991,126)	
Interest on long-term debt	<u>9,114</u>	(1,010,845)

The Internal Service Fund is used by management to charge the costs of partial self funding of the District's flexible benefit plan to individual funds. The change in net position of the Internal Service Fund is reported in governmental activities.

2,661

**Change in net position of governmental activities (page 23)** \$ 1,429,560

See notes to financial statements.

## Clarke Community School District

 Statement of Net Position  
 Proprietary Funds

June 30, 2017

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 431,293	24,327
Accounts receivable	692	-
Inventories	7,860	-
Prepaid insurance	2,560	-
Total current assets	442,405	24,327
Noncurrent assets:		
Capital assets, net of accumulated depreciation	62,136	-
<b>Total assets</b>	504,541	24,327
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	41,371	-
<b>Liabilities</b>		
Accounts payable		
Current liabilities:		
Accounts payable	232	-
Salaries and benefits payable	46,162	-
Unearned student meals	10,937	-
Total current liabilities	57,331	-
Noncurrent liabilities:		
Net OPEB liability	12,182	-
Net IPERS pension liability	177,215	-
Total noncurrent liabilities	189,397	-
<b>Total liabilities</b>	246,728	-
<b>Deferred inflows of resources</b>		
Pension related deferred inflows	12,079	-
<b>Net Position</b>		
Net investment in capital assets	62,136	-
Unrestricted	224,969	24,327
<b>Total net position</b>	\$ 287,105	24,327

See notes to financial statements.

Clarke Community School District

Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds

Year ended June 30, 2017

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Operating revenues:		
Local sources:		
Charges for service	\$ 252,841	-
Employee contributions	-	24,377
Total operating revenues	252,841	24,377
Operating expenses:		
Non-instructional programs:		
Food service operations:		
Salaries	207,120	-
Benefits	113,911	-
Purchased services	14,625	-
Supplies	376,148	-
Depreciation	14,424	-
Other	-	21,968
Total operating expenses	726,228	21,968
Operating income (loss)	(473,387)	2,409
Non-operating revenues:		
State sources	6,453	-
Federal sources	545,449	-
Interest income	4,181	252
Net non-operating revenues	556,083	252
Change in net position	82,696	2,661
Net position beginning of year	204,409	21,666
Net position end of year	\$ 287,105	24,327

See notes to financial statements.

**Exhibit I**

## Clarke Community School District

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2017

	Business Type Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 251,982	-
Cash received from miscellaneous operating activities	-	24,377
Cash paid to suppliers for goods or services	(637,747)	(21,968)
Net cash provided (used) by operating activities	(385,765)	2,409
Cash flows from non-capital financing activities:		
State grants received	6,453	-
Federal grants received	485,413	-
Net cash provided by non-capital financing activities	491,866	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(12,579)	-
Cash flows from investing activities:		
Interest on investments	4,181	252
Change in cash and cash equivalents	97,703	2,661
Cash and cash equivalents beginning of year	333,590	21,666
Cash and cash equivalents end of year	\$ 431,293	24,327

See notes to financial statements.



## Clarke Community School District

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2017

	Activities	Governmental Activities
	Enterprise - School Nutrition	Internal Service - Flex Spending
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (473,387)	2,409
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Commodities used	60,036	-
Depreciation	14,424	-
Decrease in accounts receivable	586	-
Increase in inventories	(1,828)	-
Decrease in prepaid insurance	656	-
Increase in deferred outflows of resources	(17,342)	-
Decrease in accounts payables	(93)	-
Decrease in salaries and benefits payable	(3,224)	-
Decrease in other postemployment benefits	(2,059)	-
Decrease in unearned student meals	(1,446)	-
Increase in IPERS net pension liability	37,912	-
Net cash provided (used) by operating activities	<u>\$ (385,765)</u>	<u>2,409</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2017, the District received \$60,036 of federal commodities.

See notes to financial statements.

**Exhibit J**

---

## Clarke Community School District

Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2017

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets</b>		
Cash and investments	\$ 42,089	148,905
Accounts Receivable	-	360
<b>Total Assets</b>	<u>42,089</u>	<u>149,265</u>
<b>Liabilities</b>		
Trusts payable	-	149,265
<b>Net Position</b>		
Reserved for scholarships	<u>\$ 42,089</u>	<u>-</u>

See notes to financial statements.

Clarke Community School District  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

Year ended June 30, 2017

	Private Purpose Trust	Scholarship
Additions:		
Local sources:		
Interest income, net of depreciation in fair value	\$ 8,706	
Other	1,135	
Total additions	9,841	
Deductions:		
Support services:		
Student		604
Scholarships awarded		2,800
Total Deductions		3,404
Change in net position		6,437
Net position beginning of year		35,652
Net position end of year	\$	42,089

See notes to financial statements.

Clarke Community School District

Notes to Financial Statements

Year ended June 30, 2017

**(1) Summary of Significant Accounting Policies**

Clarke Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Osceola, Iowa, and the predominate agricultural territory in Clarke County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Clarke Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Clarke Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Clarke County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Management Levy Fund is used to account for management fund tax levies and for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

Additionally, the District reports a nonmajor proprietary fund. The Internal Service, Flex Spending Fund is utilized to account for employee flexible benefits.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal year are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2016.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 500
Buildings	500
Improvements other than buildings	5,000
Intangibles:	
School Nutrition Fund	500
Other	50,000
Furniture and Equipment:	
School Nutrition Fund	500
Other	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	50 years
Intangibles	5-10 years
Furniture and equipment	4 -12 years

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.



Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily from the General Fund.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and unrecognized items not yet credited to pension expense.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2017, expenditures did not exceed the amount budgeted in any function.

## **(2) Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2017 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2017, the District had the following investment:

<u>Investment</u>	<u>Fair Value</u>
Alliant Energy Corporation Common stock	<u>\$ 15,747</u>

The District uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the Alliant Energy Corporation Common Stock of \$15,747 was determined using the closing share price on June 30, 2017. (Level 1 input)

## **(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Physical Plant and Equipment Levy	<u>\$ 254,382</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 78,000	-	-	78,000
Construction in progress	938,999	81,890	(963,486)	57,403
Total capital assets not being depreciated	1,016,999	81,890	(963,486)	135,403
Capital assets being depreciated:				
Buildings	16,753,087	1,856,454	(5,126)	18,604,415
Improvements other than buildings	1,765,790	239,130	-	2,004,920
Furniture and equipment	2,646,913	800,865	(169,558)	3,278,220
Total capital assets being depreciated	21,165,790	2,896,449	(174,684)	23,887,555
Less accumulated depreciation for:				
Buildings	5,975,153	352,992	(5,126)	6,323,019
Improvements other than buildings	1,100,197	59,792	-	1,159,989
Furniture and equipment	1,723,606	324,766	(110,225)	1,938,147
Total accumulated depreciation	8,798,956	737,550	(115,351)	9,421,155
Total capital assets being depreciated, net	12,366,834	2,158,899	(59,333)	14,466,400
Governmental activities capital assets, net	\$ 13,383,833	2,240,789	(1,022,819)	14,601,803
<b>Business type activities:</b>				
Furniture and equipment	\$ 402,743	12,756	(4,059)	411,440
Less accumulated depreciation	338,762	14,424	(3,882)	349,304
Business type activities capital assets, net	\$ 63,981	(1,668)	(177)	62,136

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular instruction

\$ 78,395

Other instruction

14,837

Support services:

Administration

1,804

Operation and maintenance of plant

47,119

Transportation

182,611

324,766

Unallocated

412,784

Total depreciation expense - governmental activities

\$ 737,550

Business type activities:

Food service operations

\$ 14,424

**(5) Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2017 are summarized as follows:

	Balance Beginning of Year, as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 910,000	-	910,000	-	-
Lease purchase agreement	119,272	497,052	259,643	356,681	165,684
Compensated absences	40,646	46,582	52,908	34,320	34,320
Net OPEB liability	287,659	51,891	16,732	322,818	-
Pension liability	6,786,689	1,773,335	-	8,560,024	-
Total	\$ 8,144,266	2,368,860	1,239,283	9,273,843	200,004

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business type activities:					
Net OPEB liability	\$ 14,241	709	2,768	12,182	-
Pension liability	139,303	37,912	-	177,215	-
	\$ 153,544	38,621	2,768	189,397	-

Lease Purchase Agreement

On September 26, 2016, the District entered into a lease purchase agreement with Vantage Financial, LLC to purchase Chromebooks for students and staff. The District purchased the Chromebooks for \$497,052 without interest.

Details of the District's lease purchase agreement are as follows:

Year Ending June 30,	September 26, 2016 Lease Principal
2018	\$ 165,684
2019	165,684
2020	25,313
Total	\$ 356,681

During the year ended June 30, 2017, the District paid principal of \$140,371 on the lease.

**(6) Pension Plans**

Pension Plan Total Information	IPERS	Supplemental Pension	Total
Pension liability	\$ 7,670,628	1,066,611	8,737,239
Deferred outflows of resources related to pensions	2,287,163	-	2,287,163
Deferred inflows of resources related to pensions	107,331	-	107,331
Pension expense	943,626	63,362	1,006,988

## **Iowa Public Employees Retirement System**

**Plan Description** – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**Pension Benefits** – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits** – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll, for a total rate of 14.88%.

The District’s contributions to IPERS for the year ended June 30, 2017 totaled \$836,576.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the District reported a liability of \$7,670,628 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the District’s collective proportion was 0.121885%, which was an increase of 0.002003% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$943,626. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 67,793	91,546
Changes of assumptions	117,030	-
Net difference between projected and actual earnings on IPERS' investments	1,092,822	-
Changes in proportion and differences between District contributions and proportionate share of contributions	172,942	15,785
District contributions subsequent to the measurement date	836,576	-
Total	<u>\$ 2,287,163</u>	<u>107,331</u>

\$836,576 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2018	\$ 186,404
2019	186,404
2020	609,776
2021	355,860
2022	4,812
Total	<u>\$ 1,343,256</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 12,410,038	7,670,628	3,670,504

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS – All legally required District contributions and legally required employee contributions which had been withheld from employee wages were remitted by the District to IPERS by June 30, 2017.



## **Supplemental Pension Plan**

**Plan Description** – The District administers a single-employer benefit plan which offers a supplemental pension (early retirement incentive) for all eligible employees who attain age 55 with 15 or more years of service, submit an application to the Superintendent, receive Board approval and retire by June 30 of the same year. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

**Supplemental Pension Benefits** – The supplemental pension benefit is defined as:

- 50% of the value of the employee's unused accumulated sick leave using the current salary per day x 50% of accumulated sick days, not to exceed 100 days, plus,
- 5% of the current salary times years of service over 15 years.

The maximum benefit is the lesser of the calculated benefit or \$20,000.

Retired participants must be age 55 or older at retirement. At June 30, 2017, the following employees were covered by the benefit terms:

Active employees	227
------------------	-----

**Funding Policy** – Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The District makes the contributions from the Special Revenue, Management Levy Fund.

**Total Pension Liability** – The District's total supplemental pension liability of \$1,066,611 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

**Pension Expense and Deferred outflows of Resources Related to the Supplemental Pension** – For the year ended June 30, 2017, the District recognized pension expense of \$63,362. At June 30, 2017, the District reported no deferred outflows of resources related to the supplemental pension.

There were no non-employer contributing entries to the supplemental pension plan.

**Actuarial Assumptions** – The total supplemental pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of salary increase	
(effective June 30, 2017)	3.00% per annum.
Discount rate	3.50% compounded annually, net of investment
(effective June 30, 2017)	expense, including inflation.

**Discount Rate** – The discount rate used to measure the total pension liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-2000 annuitant mortality table adjusted to 2015 projection of future mortality improvement. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used for IPERS.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Changes in the Total Supplemental Pension Liability

	Total OPEB Liability
Total pension liability beginning of year, as restated	\$ 1,003,249
Changes for the year:	
Service cost	46,857
Interest on the total pension liability	33,834
Differences between expected and actual experiences in the measurement of the total pension liability	25,731
Benefit payments	(43,060)
Net changes	63,362
Total pension liability end of year	\$ 1,066,611

Changes of assumptions reflect a change in the discount rate from 2.50% in fiscal year 2016 to 3.50% in fiscal year 2017.

Sensitivity of the total supplemental pension liability to changes in the discount rate – The following presents the total pension liability of the District, as well as what the District's total supplemental pension liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total supplemental pension liability	\$ 1,133,128	1,066,611	1,045,598

**(7) Risk Management**

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(8) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$612,234 for the year ended June 30, 2017 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

**(9) Other Postemployment Benefits (OPEB)**

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for retirees, employees and their spouses. There are 110 active and 10 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 77,900
Interest on net OPEB obligation	7,500
Adjustment to annual required contribution	<u>(32,800)</u>
Annual OPEB cost	52,600
Contributions made	<u>(19,500)</u>
Increase in net OPEB obligation	33,100
Net OPEB obligation beginning of year	<u>301,900</u>
Net OPEB obligation end of year	<u>\$ 335,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

For the year ended June 30, 2017, the District contributed \$19,500 to the medical plan. Plan members eligible for benefits contributed \$3,300, or 14.5% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 76,600	25.3%	\$ 268,400
2016	57,800	42.0	301,900
2017	52,600	37.1	335,000

Funded Status and Funding Progress - As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was approximately \$401,000 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$401,000. The covered payroll (annual payroll of active employees eligible for coverage by the plan) was approximately \$9,373,000 and the ratio of the UAAL to covered payroll was 4.3%. As of June 30, 2017, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2015 actuarial valuation date, entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. An inflation rate of 0% is assumed for purposes of this computation.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000. A modest employee turnover rate was assumed for active employees. The assumed rate of retirement was determined by attained age after becoming eligible to retire and continuing health coverage.

Projected claim costs of the medical plan average \$570 per month for retirees less than age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level dollar cost using a closed group method over 30 years.

#### **(10) Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

### Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2017 under agreements entered into by the following entities:

<u>Entitiy</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Osceola	Urban renewal and economic development projects	\$ 50,170

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. For the year ended June 30, 2017, this reimbursement amounted to \$6,906.

#### **(11) New Accounting Pronouncement**

The District adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the District.

#### **(12) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the District's other postemployment benefits.

**(13) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, was implemented during fiscal year 2017. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 73 requires a state or local government employer to use the entry age normal actuarial cost method. Also the GASB Statement requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning net pension liability, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2016, as previously reported	\$ 13,338,394
Pension liability measured under previous standards	455,000
Pension liability at June 30, 2016	<u>(1,003,249)</u>
Net position July 1, 2016, as restated	<u>\$ 12,790,145</u>

### **Required Supplementary Information**

---

Clarke Community School District

Budgetary Comparison Schedule of  
Revenues, Expenditures/Expenses and Changes in Balances –  
Budget and Actual – All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2017

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Revenues:			
Local sources	\$ 6,416,957	281,651	6,698,608
State sources	11,807,038	6,453	11,813,491
Federal sources	665,283	545,449	1,210,732
Total revenues	18,889,278	833,553	19,722,831
Expenditures/Expenses:			
Instruction	11,493,423	-	11,493,423
Support services	5,727,514	-	5,727,514
Non-instructional programs	9,114	748,196	757,310
Other expenditures	2,453,405	-	2,453,405
Total expenditures/expenses	19,683,456	748,196	20,431,652
Excess (deficiency) of revenues over (under) expenditures/expenses	(794,178)	85,357	(708,821)
Other financing sources, net	497,052	-	497,052
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(297,126)	85,357	(211,769)
Balances beginning of year	6,749,967	226,075	6,976,042
Balances end of year	\$ 6,452,841	311,432	6,764,273

See accompanying independent auditor's report.



---

Less Funds Not Required to be Budgeted	Net	Original/ Final Budgeted Amounts	Budget to Net Variance
24,629	6,673,979	6,765,682	(91,703)
-	11,813,491	12,170,662	(357,171)
-	1,210,732	1,160,000	50,732
24,629	19,698,202	20,096,344	(398,142)
-	11,493,423	12,370,000	876,577
-	5,727,514	6,406,000	678,486
21,968	735,342	935,000	199,658
-	2,453,405	4,759,453	2,306,048
21,968	20,409,684	24,470,453	4,060,769
2,661	(711,482)	(4,374,109)	3,662,627
-	497,052	40,000	457,052
2,661	(214,430)	(4,334,109)	4,119,679
21,666	6,954,376	5,444,589	1,509,787
24,327	6,739,946	1,110,480	5,629,466

---

Clarke Community School District

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2017

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District did not amend the budget.

During the year ended June 30, 2017, expenditures did not exceed the amount budgeted in any function.

---

Clarke Community School District  
Schedule of the District's Proportionate Share of the IPERS Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Three Years\*  
(In Thousands)

Required Supplementary Information

	2017	2016	2015
District's proportion of the net pension liability	0.121885%	0.119882%	0.122095%
District's proportionate share of the net pension liability	\$ 7,671	5,923	4,842
District's covered-employee payroll	\$ 8,748	8,213	7,991
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.69%	72.12%	60.60%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

---

Clarke Community School District  
Schedule of District IPERS Contributions  
Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)

Required Supplementary Information

	2017	2016	2015	2014
Statutorily required contribution	\$ 837	781	733	714
Contributions in relation to the statutorily required contribution	(837)	(781)	(733)	(714)
Contribution deficiency (excess)	\$ -	-	-	-
District's covered-employee payroll	\$ 9,373	8,748	8,213	7,991
Contributions as a percentage of covered-employee payroll *	8.93%	8.93%	8.93%	8.93%

\* Amounts reported do not agree with calculated amounts due to rounding required contributions and covered payroll to nearest thousandth.

See accompanying independent auditor's report.



Clarke Community School District

Notes to Required Supplementary Information – IPERS Pension Liability

Year ended June 30, 2017

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

---

Clarke Community School District  
Schedule of Changes in the District's  
Total Supplemental Pension Liability and Related Ratios  
For the Current Year  
Required Supplementary Information

	<u>2017</u>
Service cost	\$ 46,857
Interest on the total pension liability	33,834
Difference between expected and actual experience in the measurement of the total pension liability	25,731
Benefit payments	<u>(43,060)</u>
Net change in total supplemental pension liability	63,362
Total supplemental pension liability beginning of year, as restated	<u>1,003,249</u>
Total supplemental pension liability end of year	<u>\$ 1,066,611</u>
Covered-employee payroll	\$ 9,373,000
Total supplemental pension liability has a percentage of covered-employee payroll	11.38%

**Notes to Schedule of Changes in the District's Total Supplemental Pension Liability and Related Ratios**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73.

*Changes of benefit terms:*

There were no significant changes in benefit terms.

*Changes of assumptions:*

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Year ended June 30, 2017	3.50%
Year ended June 30, 2016	2.50%

---

Clarke Community School District

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 503	503	0.0%	\$ 7,527	6.7%
2011	July 1, 2009	-	482	482	0.0	7,373	6.5
2012	July 1, 2009	-	436	436	0.0	7,389	5.9
2013	July 1, 2012	-	508	508	0.0	7,694	6.6
2014	July 1, 2012	-	476	476	0.0	7,991	6.0
2015	July 1, 2012	-	450	450	0.0	8,213	5.5
2016	July 1, 2015	-	422	422	0.0	8,748	4.8
2017	July 1, 2015	-	401	401	0.0	9,373	4.3

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.



## **Supplementary Information**

**Schedule 1**

## Clarke Community School District

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2017

	<u>Special Revenue</u>		
	Student Activity	Debt Service	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 76,754	-	76,754
Receivables:			
Property tax:			
Delinquent	-	13,607	13,607
Accounts	338	-	338
<b>Total assets</b>	<u>\$ 77,092</u>	<u>13,607</u>	<u>90,699</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 7,731	-	7,731
Salaries and benefits payable	1,335	-	1,335
Total liabilities	<u>9,066</u>	<u>-</u>	<u>9,066</u>
Fund equity:			
Fund balances:			
Restricted for:			
Debt service	-	13,607	13,607
Student activities	68,026	-	68,026
Total fund balances	<u>68,026</u>	<u>13,607</u>	<u>81,633</u>
<b>Total liabilities and fund balances</b>	<u>\$ 77,092</u>	<u>13,607</u>	<u>90,699</u>

See accompanying independent auditor's report.

## Clarke Community School District

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2017

	Special Revenue		
	Student	Debt	
	Activity	Service	Total
Revenues:			
Local sources:			
Local tax	\$ -	907,239	907,239
Other	288,169	2,992	291,161
State sources	-	29,042	29,042
Total revenues	288,169	939,273	1,227,442
Expenditures:			
Current:			
Instruction:			
Other instruction	320,823	-	320,823
Support services:			
Transportation	427	-	427
Other expenditures:			
Long-term debt:			
Principal	-	1,169,643	1,169,643
Interest and other charges	-	40,057	40,057
Total expenditures	321,250	1,209,700	1,530,950
Deficiency of revenues under expenditures	(33,081)	(270,427)	(303,508)
Other financing sources:			
Transfers in	-	254,382	254,382
Change in fund balances	(33,081)	(16,045)	(49,126)
Fund balances beginning of year	101,107	29,652	130,759
Fund balances end of year	\$ 68,026	13,607	81,633

See accompanying independent auditor's report.

**Schedule 3**

## Clarke Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2017

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Pop Athletics	\$ 99	1	-	100
Athletics	-	48,600	48,530	70
Publications	3,711	7,738	3,944	7,505
High School Band	9,100	23,849	19,813	13,136
High School Co-curricular	1,237	399	190	1,446
High School Vocal Music	5,902	3,827	6,020	3,709
Cheerleaders	874	5,424	5,648	650
Speech/Debate	1,719	7,898	5,047	4,570
FFA	2,183	28,783	27,123	3,843
FCCLA	1,662	4,646	4,140	2,168
Cross Country	275	891	1,166	-
Golf	1,238	2,339	3,577	-
Tennis	111	100	211	-
Bowling	655	2,063	2,718	-
Soccer Club	-	602	-	602
Boys Basketball	6,825	63	6,888	-
Football	84	10,235	19,068	(8,749)
Baseball	4,624	1,781	6,405	-
Boys Track	6,723	1,718	8,441	-
Wrestling	-	12	12	-
Archery Club	-	1,575	1,575	-
Girls Basketball	6,623	292	6,915	-
Volleyball	2,888	958	3,775	71
Softball	96	4,761	4,690	167
Girls Track	6,494	2,087	8,581	-
Camp - Boys Basketball	770	204	-	974
Camp - Football	677	676	1,353	-
Camp - Wrestling	280	3	283	-
Camp - Girls Basketball	198	302	-	500
Camp - Volleyball	733	8	-	741
Clinic - Softball	-	2,950	2,950	-
Book Club	2,864	854	1,226	2,492
Elementary Literacy Library	-	151	-	151
High School Student Council	2,240	1,325	1,694	1,871
Thespians	2,395	5,789	4,664	3,520

## Clarke Community School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2017

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Class of:				
2016	361	4	365	-
2017	2,471	24	2,495	-
2018	926	11,973	8,110	4,789
2019	-	5,757	4,603	1,154
Art Club	136	384	226	294
Concessions	7,118	44,952	51,861	209
MS Health and Wellness Fund	-	7,226	1,677	5,549
Athletic Resale	(10,695)	3,817	-	(6,878)
Washington DC Trip Fund	561	19,477	19,634	404
Drill Team	535	198	-	733
Robotics	203	2	-	205
Junior High Student Council	3,229	9,579	9,898	2,910
Middle School Pop Fund Balance	1,572	1,523	1,726	1,369
Middle School Cheerleaders	167	-	167	-
Elementary Student Council	17,744	10,312	10,305	17,751
After Prom	3,499	37	3,536	-
Total	\$ 101,107	288,169	321,250	68,026

See accompanying independent auditor's report.

**Schedule 4**

## Clarke Community School District

Combining Balance Sheet  
Capital Projects Accounts

June 30, 2017

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,782,941	823,327	2,606,268
Receivables:			
Property tax:			
Delinquent	-	4,457	4,457
Succeeding year	-	269,000	269,000
Due from other governments	114,354	264,037	378,391
<b>Total assets</b>	<b>\$ 1,897,295</b>	<b>1,360,821</b>	<b>3,258,116</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 13,625	-	13,625
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	269,000	269,000
Other	-	264,037	264,037
Total deferred inflows of resources	-	533,037	533,037
Fund balances:			
Restricted for:			
School infrastructure	1,883,670	-	1,883,670
Property, plant and equipment	-	827,784	827,784
Total fund balances	1,883,670	827,784	2,711,454
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,897,295</b>	<b>1,360,821</b>	<b>3,258,116</b>

See accompanying independent auditor's report.

Clarke Community School District  
Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Capital Projects Accounts

Year ended June 30, 2017

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	572,316	572,316
Other	20,252	29,012	49,264
State sources	1,374,742	9,512	1,384,254
Total revenues	1,394,994	610,840	2,005,834
Expenditures:			
Instruction:			
Regular instruction	-	1,613	1,613
Support services:			
Instructional staff	-	497,052	497,052
Administration	22,381	-	22,381
Operation and maintenance of plant	570,504	-	570,504
Transportation	-	184,151	184,151
Other expenditures:			
Facilities acquisition	602,053	29,418	631,471
Total expenditures	1,194,938	712,234	1,907,172
Excess (deficiency) of revenues over (under) expenditures	200,056	(101,394)	98,662
Other financing sources (uses):			
Proceeds from lease purchase agreement	-	497,052	497,052
Transfers out	-	(254,382)	(254,382)
Total other financing sources (uses)	-	242,670	242,670
Change in fund balances	200,056	141,276	341,332
Fund balances beginning of year	1,683,614	686,508	2,370,122
Fund balances end of year	\$ 1,883,670	827,784	2,711,454

See accompanying independent auditor's report.

**Clarke Community School District**



## Clarke Community School District

Schedule of Changes in Fiduciary Assets and Liabilities –  
Agency Fund

Year ended June 30, 2017

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ 136,737	70,414	58,246	148,905
Accounts receivable	-	360	-	360
<b>Total Assets</b>	<b>136,737</b>	<b>70,774</b>	<b>58,246</b>	<b>149,265</b>
<b>Liabilities</b>				
Trusts payable	\$ 136,737	70,774	58,246	149,265

See accompanying independent auditor's report.

Clarke Community School District

Schedule of Revenues by Source and Expenditures by Function –  
All Governmental Funds

For the Last Ten Years

				Modified
	2017	2016	2015	2014
Revenues:				
Local sources:				
Local tax	\$ 5,440,410	5,066,478	5,141,298	5,064,753
Tuition	390,580	252,433	190,085	209,509
Other	585,967	576,847	748,570	792,685
Intermediate sources	-	-	-	-
State sources	11,807,038	11,205,874	11,132,412	10,746,125
Federal sources	665,283	522,601	546,713	477,925
Total	<u>\$ 18,889,278</u>	<u>17,624,233</u>	<u>17,759,078</u>	<u>17,290,997</u>
Expenditures:				
Instruction:				
Regular instruction	\$ 6,814,494	6,291,828	6,038,414	6,097,620
Special instruction	2,511,170	2,439,331	2,314,584	2,274,947
Other instruction	2,167,759	2,131,772	1,903,532	1,422,447
Support services:				
Student	350,867	364,999	354,351	610,956
Instructional staff	1,032,821	584,669	331,479	420,875
Administration	1,418,369	1,413,310	1,358,186	1,324,225
Operation and maintenance of plant	1,976,185	1,645,852	1,326,744	1,227,058
Transportation	949,302	751,247	855,366	1,007,304
Non-instructional programs	9,114	11,446	20,116	13,185
Other expenditures:				
Facilities acquisition	631,471	1,122,921	594,497	420,292
Long-term debt:				
Principal	1,169,643	492,505	613,788	594,017
Interest and other charges	40,057	48,055	67,207	84,735
AEA flowthrough	612,234	608,731	609,523	578,176
Total	<u>\$ 19,683,486</u>	<u>17,906,666</u>	<u>16,387,787</u>	<u>16,075,837</u>

Beginning in 2014, the Iowa Department of Education modified the coding of the statewide sales, services and use tax revenue from local tax to state sources.

See accompanying independent auditor's report.

Accrual Basis					
2013	2012	2011	2010	2009	2008
6,028,184	5,706,601	5,120,483	4,831,186	4,667,723	4,643,460
211,384	223,452	287,350	391,436	353,389	332,365
597,942	540,783	445,579	539,478	426,305	548,713
-	-	-	-	-	5,523
8,698,248	8,353,902	7,930,971	6,722,487	7,784,734	7,264,290
505,075	621,060	741,710	1,424,319	589,407	539,307
16,040,833	15,445,798	14,526,093	13,908,906	13,821,558	13,333,658
5,974,931	5,473,903	5,074,795	5,132,580	5,071,939	5,040,800
2,210,686	1,921,485	1,899,278	1,967,321	1,957,714	1,945,636
1,443,502	1,509,369	1,678,329	1,766,142	1,782,475	1,313,063
561,178	254,546	275,295	335,259	319,803	338,214
1,068,195	533,499	325,142	457,446	326,686	314,187
1,339,117	1,262,238	1,226,303	1,175,033	1,161,780	1,261,484
1,125,004	1,852,130	1,010,013	1,003,916	1,086,043	1,219,815
717,046	602,750	510,397	647,474	533,736	540,318
13,504	11,369	9,535	1,399	1,048	8,158
993,986	55,610	397,821	189,274	639,674	1,110,495
588,680	375,000	360,000	498,039	466,384	447,936
88,528	101,465	113,885	135,458	165,902	212,491
525,955	505,350	556,547	543,479	489,537	455,495
16,650,312	14,458,714	13,437,340	13,852,820	14,002,721	14,208,092

**Clarke Community School District**

Clarke Community School District  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2017

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY17	\$ 79,629
National School Lunch Program	10.555	FY17	452,971 *
			532,600
Team Nutrition Grants	10.574	FY17	595
Child Nutrition Discretionary Grants Limited Availability	10.579	FY17	12,255
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY17	380,678
Special Education - State Personnel Development	84.323	FY17	5,000
Improving Teacher Quality State Grants	84.367	FY17	52,054
Grants for State Assessments and Related Activities	84.369	FY17	2,700
Green Hills Area Education Agency:			
Special Education Grants to States	84.027	FY17	72,082
Southwestern Community College:			
Career and Technical Education - Basic Grants to States	84.048	FY17	15,421
Total			\$ 1,073,385

\* Includes \$60,036 of non-cash awards.

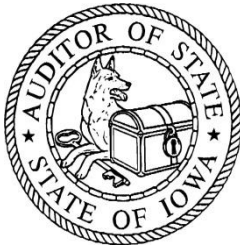
**Basis of Presentation** – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Clarke Community School District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Clarke Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Clarke Community School District.

**Summary of Significant Accounting Policies** – Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate** – Clarke Community School District has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

**Clarke Community School District**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of Clarke Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clarke Community School District as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clarke Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clarke Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Clarke Community School District's internal control.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist which were not identified. Given these limitations, during the audit we did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses. We identified a deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-17 we consider to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarke Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


### Clarke Community School District's Responses to the Findings

Clarke Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Clarke Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

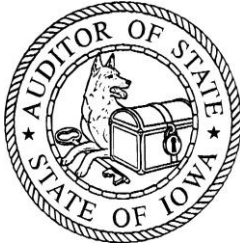
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clarke Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
MARY MOSIMAN, CPA  
Auditor of State

January 29, 2018





**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA  
Auditor of State

**Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by the Uniform Guidance**

To the Board of Education of Clarke Community School District:

**Report on Compliance for Each Major Federal Program**

We have audited Clarke Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on Clarke Community School District's major federal program for the year ended June 30, 2017. Clarke Community School District's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Clarke Community School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clarke Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Clarke Community School District's compliance.

**Opinion on the Major Federal Program**

In our opinion, Clarke Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

The management of Clarke Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Clarke Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clarke Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
MARY MOSIMAN, CPA  
Auditor of State

January 29, 2018

Clarke Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2017

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was the Child Nutrition Cluster:
  - CFDA Number 10.553 – School Breakfast Program
  - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Clarke Community School District did not qualify as a low-risk auditee.

Clarke Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2017

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCY:**

**II-A-17 Financial Reporting**

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition – During the audit, we identified capital asset additions not properly recorded in the District's financial system. The District did not correctly record construction in progress and did not include one capital asset with an acquisition cost of \$11,405. Additionally, the District did not capitalize freight charges totaling \$616. Adjustments were subsequently made by the District to properly capitalize these items in the District's financial statements.

Cause – There was a lack of communication between the Administration Office and the personnel maintaining the capital asset listing. In addition, District procedures have not been established to ensure capital assets are properly recorded and the capital asset listing is not reviewed by someone independent.

Effect – The lack of policies and procedures resulted in District employees not detecting the errors in the normal course of performing their assigned functions. As a result, adjustments to the District's financial statements were necessary.

Recommendation – The District should implement procedures to ensure all capital asset additions are properly recorded in the District's financial statements and the capital asset listing is reviewed by someone independent.

Response – The District is putting procedures into place by writing steps to follow on all capital asset purchases and dispositions.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Clarke Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2017

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major program were noted.

**Part IV: Other Findings Related To Required Statutory Reporting:**

IV-A-17 Certified Budget – Expenditures for the year ended June 30, 2017 did not exceed the amount budgeted in any function.

IV-B-17 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-17 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-17 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mike White, Construction, spouse is Dena White, Board Member	Elementary and High School repairs	\$ 13,020
Cookie Crumb Kisses owned by Rebecca Kramer, sister to Daniell Woods, Teacher	Middle School Student Council supplies	280
Damon Helgevold, official, son of Lori Helgevold, Board Member	Baseball officiating services, umpire baseball and softball games for District	1,318

In accordance with Chapters 279.7A of the Code of Iowa, the transactions with Mike White appear to represent a conflict of interest since transactions were more than \$2,500 during the fiscal year and competitive bidding was not used.

In accordance with Chapter 301.28 of the Code of Iowa, the transactions with Danielle Wood's sister may represent a conflict of interest since this section disallows a teacher from acting as an agent for school supplies.

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with Lori Helgevold's son do not represent a conflict of interest since transactions with this individual were less than \$2,500.

Recommendation – The District should consult legal counsel to determine the disposition of this matter.

Clarke Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2017

Response – Quotes have been taken and the District is having difficulty finding businesses to do building repairs similar to the type Mr. White does. We will advertise for bids for any work a Board member or their spouse will potentially perform. We will notify our teacher that she is no longer to use her sister's business as this transaction may be a conflict.

Conclusion – Response accepted.

IV-E-17 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-17 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-17 Certified Enrollment – Variances in the basic enrollment data certified to the Iowa Department of Education were noted. The District counted three students who attended the Clarke Community School District, but were not approved for open enrollment to the District. The District also counted a student as an English Language Learner, but the student left the program before the count date. In addition, the District enrollment included an adjustment for a college course used as a Career and Technical Education (CTE) program.

Recommendation – The District should develop procedures to ensure accurate counts are taken throughout the year and accurate enrollment data is certified to the Iowa Department of Education.

Response – The Curriculum Director will work closely with the District buildings to ensure all student changes are updated in a timely manner.

Conclusion – Response accepted.

IV-H-17 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-17 Deposits and Investments – Except as noted below, no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

The Private Purpose Trust, Scholarship Fund has an investment in common stock which does not appear to be an investment permitted by Article VIII of the Constitution of the State of Iowa and Chapter 12B.10 of the Code of Iowa. Since the money was originally donated to fund a scholarship and the stock was purchased in the 1930s, the District, based on advice of its legal counsel, believes it is in the best interest of this fund to continue owning the stock.

IV-J-17 Certified Annual Report – The District's Certified Annual Report was filed with the Iowa Department of Education timely.

IV-K-17 Categorical Funding – No instances of categorical funding being used to supplant rather than supplement other funds were noted.

Clarke Community School District  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2017

- IV-L-17 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. For the year ended June 30, 2017, the District's financial activity and other required information for the statewide sales, services and use tax are as follows:

Beginning balance		\$ 1,683,614
Revenue:		
Statewide sales, services and use tax	\$ 1,374,742	
Interest on investments	<u>20,252</u>	1,394,994
Expenditures/transfers out:		
School infrastructure construction	602,053	
Equipment	<u>592,885</u>	<u>1,194,938</u>
Ending balance		<u><u>\$ 1,883,670</u></u>

The statewide sales, services and use tax revenue received during the year ended June 30, 2017 is equivalent to a reduction in the following levies:

	Rate of Levy Reduction Per \$1,000 of Taxable Valuation	Property Tax Dollars Reduced
Physical plant and equipment levy	\$ 4.091	<u>\$ 1,374,742</u>

- IV-M-17 Deficit Balances – The Football Student Activity Account had a deficit balance of \$8,749 at June 30, 2017.

Recommendation – The District should investigate alternatives to eliminate this deficit to return the account to a sound financial condition.

Response – This was for the purchase of safety equipment needed to replace very outdated equipment. We will work to ensure this type of situation is isolated.

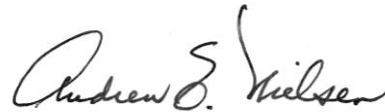
Conclusion – Response accepted.

Clarke Community School District

Staff

This audit was performed by:

Katherine L. Rupp, CPA, Manager  
Karen J. Kibbe, Senior Auditor II  
Alex W. Case, Staff Auditor  
Elizabeth P. Dawson, Assistant Auditor  
Mitchell M. Kirby, Assistant Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State